dispense with bipartism and has taken to the path of confrontation with the working class and the working people of the country. I expect that the Government, instead of taking to this course, in a via media way should come out with a statement in Parliament itself spelling out the change of its policy. I am really alarmed because the bipartite agreement in steel expired in September 1986. For two long years, the new agreement could not be reached. The bipartite agreement in coal ended in December 1986 and no new agreement has been arrived at. In the case of Bharat Electricals also it ended in December 1986. In the case of the nationalised banking industry also, the Government has taken to the path of dialatory tactics and therefore, bankmen had to go on strike on one day to protest against the inaction of the Government. The decision of the wage board set up for working journalists is also being delayed in an inordinate way. In the case of Indian Airlines, Air India and the Indian Oil also the story remains the same. All these point to the fact that the Government has taken to the policy of keeping the bipartite agreement hanging till the working class either submits to its whims or recoils to a position of hitting back. I think the Government cannot indulge in the luxury of doing that considering the present economic situation of the country. What is the main hurdle that stands in the way of signing the new bipartite agreements? According to me and as is well known, it is the circular of the Bureau of Public Enterprises that really stands in the way. They have recently issued a circular which, in fact, is tantamount to a wage freeze when the Government has no control over the price-line. According to the judicious judgment of the Bureau of Public Enterprises in the case of prospective agreements, the wage increase can only be to the extent of fifteen per cent and in the case of retrospective agreements, it should be only twelve and a half per cent. It is, in fact, no wage increase because the Government has not been able to control the price-line. In fact, the country is facing a double-digit inflation. Therefore, in a situaton like this, I can only tell the Government that the trade unions in the coal sector have decided to resort to a three-day strike if the present dilatory tactics do not come to an end. Bankmen have also expressed on a number of occasions that they are not going to bow down to the position the Government has taken. In a situation like this, it would be better if the Government is a little more prudent and signs bipartite agreements with the respective trade unions in the different sectors of the organised working class movement instead of facing the situation where the production of the country will be really hampered. Therefore, I call upon the Government to end this policy of taking to dilatory tactics in signing bipartite agreements in those sectors where the bipartite agreement has expired long ago.

Thank you, Sir.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Now, the House is adjourned and will meet again at 2.30 p.m today

The House then adjourned for lunch at twenty-eight minutes past one of the clock.

The House reassembled after lunch at thirty-one minutes past two of the clock, **The Vice-Chairman (Shri B. Satyanarayan Reddy)** in the Chair.

RESOLUTION RE CONSTITUTION OF A COMMITTEE OF EXPERTS TO GO INTO THE FUNCTIONING OF PUBLIC SECTOR

SHRI JAGESH DESAI (Maharashtra): Sir, I beg to move the following Resolution:—

"Having regard to the fact that in spite of country's commitment to

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socialism, in furtherance of which, Government has taken steps to strengthen public sector and make it viable by initiating fiscal and financial measures so that it could fulfil its role of attaining the commanding heights in the economy of our country, the desirable results have not yet been achieved in this direction;

this House of the opinion that effective steps be taken to ensure that —

(i) Public sector functions with utmost efficiency and a sense of accountability and renders services at the lowest possible cost with a view to help generate internal resources for further expansion of the industry and establish new industries in public sector;

(ii) public sector increasingly produces goods of mass conumption of selectie basis so that they are available to people at reasonable prices and also help contain inflation;

(iii) public sector industries do not incur losses;

(iv) reasonble autonomy is given to the management of the public sector but stringent action is taken against those responsible for its mismanagement and inefficiency;

(v) doubt and misgivings in certin quarters about Government's alleged apathy towards public sector and move to privatise it, created on account of sustained campaign of disinformation are removed and Government's firm commitment of public sector is reaffirmed;

and as an interim measure, a Committee of Experts be constituted to look into all aspects of the functioning of public sector and suggest concrete and comprehensive measures and action programme for strengthening the public sector consistent with the need to give it autonomy in management, bring about optimum efficiency and the pivotal role the public sector has to play in our economy."

Sir, I have not read out the Resolution because it is a very comprehensive Resolution. But I would like to say why I brought forward this Resolution in this House.

Sir, the Government was to come with a White Paper on the working of the public sector and we were promised also. But till this day, the Government has not come with a White Paper. If the White Paper had been published or had been given to the Members of this House then we could make a much better contribution to the debate. So, Sir; first of all, I would like to request the honourable Minister to see that during this session itself a White Paper on the public sector is placed before this Parliament.

Sir, we are a socialist democracy and we have accepted that. And, to give effect to the concept of a socialistic society Pt. Jawaharlalji, when he was the Prime Minister wanted that means of production, especially those which are required in the infrastructure industries, must be in the public sector. The public sectod should, no doubt, generate resources for further development, for creating more public sector undertakings. But, at the same time; I do feel that it is not necessary that all the public sector undertakings should generate resources. At the same time, as I have mentioned in my Resolution, we cannot afford the luxury of running the public sector in losses and as such, the whole House will agree with me when I say that the public sector should run with the utmost efficiency so that internal resources can be generated

and further investments can be made in the public sector and we can attain, the public sector can attain; the commanding heights in the economy; which all of us want. But, Sir; here in this House and outside, deliberate attempts are being made to denigrate the public sector as if the whole public sector is running in losses and people's money is being wasted. I want to dispel these doubts. Also, there is another campaign that this Government is lukewarm towards the public sector and this Government has started a process of privatisation. That is the kind of propaganda because of misinformation by some persons who want to denigrate the public sector and some persons who want to denigrate our Prime Minister. But, Sir, what are the real facts, which I would like to place before this House?

Sir, first of all, before I go into that, I would like to place before this House what Panditji had thought about the public sector. Panditji had said—I quote:

> "I believe that ultimately all the principal means of production will be owned by the nation. But I just do not see why I should do something simply to satisfy some theoretical urge..."

as my friend, Mr. Dipen Ghosh might have. He continues:

> "I have no doubt that at the present stage the private sector has a very important task to fulfil, provided always..."

That is what Panditji had said: Provided always...

> "...that it works within the confines laid down, and provided always that it does not lead to the creation of monopolies and other evils, accumulation of wealth which gives rise..."

Panditji was very clear in this context that the private sector can be assigned, but they have to work within norms, and these norms are that no monopoly should be allowed, no accumulation of wealth should be allowed. These were the principles by which Panditji allowed the private sector to function. At the same time, Panditji had said:

> "While the public sector must obviously grow, and it has grown also both absolutely and relatively, the private sector is not something unimportant. It will play an important role, though gradulally and ultimately it will fade away."

That Panditji also visualised. He says: "All right, in the present circumstances the private sector is needed for development of our country, for production of good, but ultimately the private sector will fade away and the whole place will be taken by the public sector."

Now, that is why we have to see whether what Panditji wanted to achieve we are able to achieve. Today what is happening is that the private sector is going strong and strong and monopolists are concentrating on wealth and I do not see anywhere that the private sector is fading away except there are sick industries which have been made sick by exploiting the industry, by sucking the blood of industry, and that is why they are sick. Otherwise they already have taken whatever they wanted from the private sector. And this, is the stage which we have reached today. We have to come out of this stage.

Sir, I told you earlier for this purpose what is required to be done.

First of all, to dispel this kind of propaganda that Government is lukewarm to the public sector, I would like to give some facts and figures so that this kind of doubt is dispelled, because you are also wedded to the public sector, you are also wedded to socialism. That is why I would like to give figures after Mr. Rajiv

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Gandhi became the Prime Minister of the Country, what was before that and what is after that, so that, this kind of doubts created are dispelled. Sir, up to 1983-84, the total investment in the private sector was Rs. 35,394 crores I could not get the figures for three years. But in 1986-87, the investment has gone up from 35000 and odd crores of rupees to 61003 crores of rupees. It means an increase of 26000 crores of rupees in three year only. Had this Government been lukewarm to the public sector, why would they have provided such huge financial assistance to the public sector, That mean that about 9000 crores of rupees have been given to the public sector every year for the purpose of new industries or expansion of what had earlier been installed. It was about 2000 crores per year. In 1979-80, the investment in public sector was 18000 crores. In 1980-81 it was 21000 crores. In 1981-82, it was 24000 crores. In 1982-83, the investment was 30000 crores. So, the increase was 3000 or 4000 crores every year. But during the last three years, the increase has been at the rate of 9000 crores of rupees every year.

Never before, income-tax concessions were given to the public sector. Public sector bonds were created and they were exempted from Wealth-tax. Interest on the bonds up to Rs. 7000/- was exempted from Income-tax. As far as the 10 per cent bonds are concerned, the total amount-of interest was tax free. Why was that done? It was with a view to encouraging the people to invest in public sector bonds so that they can get more resources for expanding the present units or for opening new industries. This was not done before. This was done only after 1984. If this Government had been lukewarm towards the public sector, why would they have given this kind of concessions? Wealth-tax was exempted. I may bring to the notice of the hon. Minister that previously public sector bonds were exempted from Wealth-tax without any limit. Unfortunately, in the last year's budget, if the total of all investments such as bank deposits, National Saving Certificates and the bond was more than Rs. 5 lakhs, then the amount exempted was only 5 lakhs of rupees. I urge upon the hon. Minister that the Government should exempt the total amount invested in bonds floated by the public sector undertakings.

If some person — I do not want to name the person who has got no socialist leanings or who has no faith in the public sector is appointed as one-man committee or the Chairman of a committee, he will give this kind of suggestion. I am sorry that the Government has accepted this suggestion from this year onwards. Money invested in bonds of public sector undertakings and all other public investments will be exempted only up to 5 lakhs of rupees. I feel that you should completely exempt the money invested in public sector bonds from Wealth-tax so that more resources can be generated. Every now and then it is being said that this Government is not committed to public sector. I want to say that we are committed to public sector. Our Prime Minister has said so time and again not only in his speeches but also by his actions that we are committed to public sector. We want to see that the public sector attains the commanding heights of economy. All our policies have been chalked out for that purpose and with that goal in view.

As regard efficiency, no doubt we want that our public sector should be efficient. As I told earlier it is not that all the public sector undertakings should make profit. I am not of that view. The infra-structural industries are required for development and the return may be even two or three per cent. Or even it may be nil. But

it is required for the purpose of development. And if they are not there, then this country cannot be development. And that is why there is this concept. But at the same time we cannot allow losses because of inefficiency or because of mismanagement. That has to be dealt with very severely, as I have earlier pointed out. And that is why I would like to give some figures as to what extent we have been able to improve the public sector working. As I have said earlier there is improvement in this though it may not be to the extent which we desire. But the yardstick is: What is the percentage of turnover for the capital employed? And here, Sir, I must compliment the public sector that they are doing it much better than what it was eight years back. As regards the percentage of turnover, if I remember correctly, Sir, it was 7.2 per cent in 1979-80. And now it is 12.6 per cent. That means, for every 100 rupees that you have invested, you are getting 12.6 per cent gross profit. The gross profit on the public sector which was 7.6 per cent in 1979-80 has now gone up to 12.74 per cent. But, Sir, this is not sufficient because the major profit is from the oil industry. Let us be very frank. When we are discussing the public sector, I am not less committed to public sector than anybody else. But then we have also to see that the major profit is from the oil sector and some other industries. If we have to take the revenue of all the industries, according to my own thinking and study, I think, this return is not reasonable. We have to see that it is increased. How to increase it? For that, I have got a suggestion. This can be done, by increasing efficiency this can be done by curtailing wasteful expenditure, this can be done by completing the projects on time. If these things are done, then there are some other factors also like our inventories. You are taking the inventories for more than 120 days. Naturally your capital is locked and you will have less profit. So, all these aspects are to be considered, and we have to go into details in respect of these aspects because everyone in this House, we all want that public sector should not only generate resources, at the same time we also want that these resources should be further spent for the purpose of development. And that can be done by provided the public sector increases its efficiency. But to say that the public sector is in losses is not correct. I will give some figures. In the year 1979-80, there was a loss of Rs. 74 crores. Then improvement is there. I am taking this profit after tax. In the year 1986-87, it was Rs 1.760 crores after paying corporate tax. Before corporate tax, the profit was Rs. 3.095 crores. It is a record profit. And we have to decide whether on an investment of Rs. 60,000 crores this profit is reasonable or not. But before doing that, we have to see that out of Rs. 60,000 crores of investment, to what extent it is in the infrastructure industries and what the return is. Then we have to find out whether the return on the balance we are getting is reasonable or not. And for that purpose, as I have suggested, there should be some Exporter Committee and that Commitee should go into all the industries which are in the public interest such profitability, that can be denfied, which are such industries, but there are some industries which can mobilise more resources, they should mobilise it so that they can be spent for the purpose of development. And regarding capital reserves, I am not satified at all, because in the year 1985-86, 90 were in losses and in 1986-87, 100 were in losses. Why so? Why these ten, which were making profits, have gone into losses? There we have to go into the details and find out why there are losses in those industries. If it is because of mismanagement then it is our duty to find out who are responsible for that: whether it is because of the governmental interference or whether it is because of inefficiency on the part of the mana-

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gement or whether the Government nominated directors, who are sitting there, they have not taken care. All these aspects have to be gone into to find out why the losses are there. We cannot allow the luxury of losses in the public sector. Wherever necessary, it can be at a lesser margin of profit, but we cannot have the luxury of losses in the public sector. I am very clear in my mind about that and for that purpose the Government must see that this thing should not happen.

So far as the turnover is concerned this is another aspect and we have to see that for each rupee which we have invested, what is the turnover, that is the barometer, and if I see that, it is a very disturbing picture, a very disturbing picture. Sir, in the year 1983-84, for 100 rupees of investment made in the public sector, the goods produced were worth Rs. 158, and in 1986-87 it has gone down to Rs. 132. Why has this happened? Is is because some of the capital which we have put there, it is not put to use or if it is in new industries, which are being set up just like Visakhapatnam, where a new steel plant is being erected, it has not started production. The capital has already been given here. So that is why the Government must also, when they give this kind of figures, they should also give figures for that capital which is not put to use. If that is not given, then we cannot have the picture. If this is the picture, then it is a very dismal picture and that is why the Government must make an inquiry why for an investment of Rs. 100, the sales which were Rs. 158 in 1983-84, have gone down to Rs. 132. After all, this is people's money. We have to see that people's money is put to proper use. If this is not done, then I think that we are not doing service to public sector and then you are giving an oportunity to all these who are against the public sector. That is why the Government must come out with clear picture and if this is not done then I am afraid that people will say that this public sector is being run into losses and nobody cares for it.

Sir, another good aspect of our public sector is that so far as the generation of resources is concerned, it is not to the expectation of the Planning Commission. But if you will see, Sir, in the Sixth Plan the total resources available were to the tune of Rs. 11,721 crores in five years. It means that it comes to an average of Rs. 2,200 crores. But, Sir, in the current Plan, in 1986-87, we have generated resources of Rs. 42,258 crores in the year 1986-87, and for the year 1986-87, it is Rs. 5213 crores. But, Sir, I do agree that this is much less than what was contemplated in the Sixth or Seventh Five Year Plan and that is why efficiency has to be created. We have to see that whatever infrastructure we have created, we utilise it fully Of course, in regard to capacity utilisation, some improvement is there. I agree. There has been a vast improvement as far as capacity utilisation is concerned I would not like to go into the details of the figures. Compared to the position in 1979-80, vast improvement is there. But it needs to be improved still further so that it can help the public sector.

Anothre good feature is the contribution of the public sector to the exchequer. Everybody has forgotten that. They all talk about the losses only. But about the contribution of the public sector to the exchequer nobody bothers. Sir, in the Fifth Five-Year Plan, the contribution of the public sector to the exchequer was Rs. 7,895 crores. On an average it comes to Rs. 1,600 crores per year. In the Sixth Five-Year Plan, during the period 1980-81 to 1984-85,

the contribution was Rs. 27,570 crores. On an average, it comes to Rs. 5,500 crores per year. What about the contribution of the public sector to the exchequer in the first two years of the Seventh Five-Year Plan? In 1985-86, it was Rs. 9,061 crores by way of excise, corporation tax and customs duty. This is the contribution of the public sector to the Government. In 1986-87, it was Rs. 11,986 crores, nearly Rs. 12,000 crores.

Here I would like to stress one points. The private sector can avoid excise duty. The private sector can avoid customs duty.

SHRI DIPEN GHOSH (West Bengal): Can avoid? It is evading.

SHRI JAGESH DESAI: I am coming to that. Sir, whereas the private sector can avoid excise duty etc., the public sector cannot...

SHRI DIPEN GHOSH: Does not.

SHRI JAGESH DESAI: The public sector cannot avoid excise duty or corporation tax or customs duty. From the reports of the Finance Ministry for the years 1985-86 and 1986-87 we find that by merely overseeing ten big groups of industries, it was seen that Rs. 200 crores were evaded. By overseeing only. They had not gone into the details. But the public sector cannot do it. That is why you get the full amount due from the public sector. This is not so in the case of the private sector. Therefore, when we talk about the working of the public sector, this aspect should also be taken into account, the contribution of the public sector to the exchequer.

I now come to the working of the public sector. I do not want to give more facts and figures. But I do think that there has been a good improvement in the working of the public sector. We should encourage it. When good things are there, we should encourage them. If things are not good, we should critically analyse and find out where we are failing. We should find out, what are the reasons why profits are not there. We should find out, what are the reasons for mismanagement. Then, proper action should be taken. If this is not dine, I am afraid we are not doing service to the nation and to the concept of public sector.

Therefore, Sir, I would request the hon. Minister to see that the public sector is run with the utmost efficiency. How can it be done? What about autonomy? In this regard, I would like to point out one thing. Sir, there is the Public Undertakings Committee. I was a Member of that Committee. Mr. Sahu was also a Member of that Committee. There have been several meetings and discussions. We had examined ex-Secretaries, trade union leaders and Secretaries. We found that many public sector undertakings are being run as if they are departmental units. I think this concept has to be changed. If you want the public sector to run efficiently, you should give them a free hand. Let them work freely. As regards policy. Government should give directions that this is the policy of the Government, these types of goods are to be manufactured and there should be policy regarding prices. Those broad outlines should be given by the Government. About executive, there should be no interference from the Government, they should be allowed to function freely. The Government-nominee Director sitting in the Board of Diretocrs should see that the decisions and other aspects relating to the policy are being carried out or not. Other things should be left to them. If that is not done, then I think you cannot except the results which we desire from the public sector. The Government may give broad outline regarding financial aspects that this is the finance required, this is what we can give you and within that you have to arrange your own affair. If that is not done, the public sector cannot give the desired results expected of

3.00 P.M.

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them. That is why I want to draw the attention of the hon. Minister to this. I do not know whether the Government has seen this report or not. I want to have straight answer from the Minister whether they have seen this report of the Public Undertaking Committee on accountability and autonomy of public undertakings. If they have seen it, what action have they taken?

SHRI ASHWANI KUMAR (Bihar): Give its number and date.

SHRI JAGESH DESAI: After all, PUC is the highest Committee of the Parliament. After due deliberations if they produce some report and give recommendations, it is the duty of the Government to examine the same and implement. I would like to know whether the Government has done it or not. It is mentioned in the report that the Committee considered the autonomy and accountability must co-exist, being directly inter-related. The autonomy carried to an extent would totally frustrate the principle of accountability. While accountability also carried to the extent would nullify to content of autonomy. The Committee also feels that the public enterprises are to be judged by their total results, but they should have certain degree of operational autonomy and should be free to function without undue let or hinderance. Its freedom should be scrupulously honoured so long it functions economically and efficiently. I would like to know whether the Government has implemented this recommendation of the Public Undertaiking Committee or not. As against the excessive control, the Government should restrict itself to issuing policy directives, exercising strategic control and for making necessary coordinating arrangements to fulfil its responsibility for the effective implementation of the socio-economic programme of the nation. Except that Government should not do anything else. They should give free hand to the public sector. If that is not done, who is going to take initiative? After all, we are running the public sector enterprise from business point of view not in the term as we think of a private sector unit but here business means it should function efficiently. Take decision. Even if for import of raw-materials you take one year, then you lose the contract. I know public sector having lost many contracts because they were not able to take decisions in time. If this is the attitude of the Government, God save them. We have to give public sector this type of autonomy so that they can provide results. After all, what do you want? You want results, you want to generate resources. And for that you have to them this kind of autonomy. That is why in my Resolution I have mentioned that Expert Committee should be appointed. What type of Expert Committee? Not like some who can suggest that there should be only one rate of income-tax. You earn five lakh or ten thousand, but the rate of income tax will be one. If such type of people are appointed as experts, then they will only serve the interests of the private sector and not of the public sector. So I want that those experts who are committed to public sector, who are committed to the philosophy of socialism should be there. There is no dearth of such technocrats and such economists in this country. There are many. But if you are going to have such economists or techno-crats as have links with the private sector, then they are only going to serve their master—the private sector—and not the public sector. That is why for fixing norms of efficiency, for fixing norms of what you want to give as autonomy, and for fixing what could be best for utmost efficiency—for those purposes you must have an Experts Committee and in that Committee I feel you can have Members of Parliament. There are many Members of Parliament who are committed to public sector and

are also technocrafts, like Mr. Thakur. Many such members are there. I donot want to name anybody. In-that Committee, a trade-unionist is also required. After all labour relations are involved. And as Panditji and Indiraji have also said, so far as workers are concerned, they should not feel like master and servants; they are comrades. If you work with that spirit, only then you can produce results.

I will mention one last aspect and then I will conclude my speech. Why should we in our public sector produce only heavy capital goods as infra-structure? Why should we not also produce consumer goods of mass consumption? What is wrong there? Nothing is wrong there. You want to generate resources. You should do it. But the Congress Party is committed to that. In 1984, in our manifesto this is what we have said:

> The Congress(I) will continue the strategy regarding public sector as our main instrument for stepping up the rate of industrialisation and for reducing concentration of wealth and power, to modernise the public sector, to increase its efficiency and productivity to bring the public sector into new areas of sophisticated technology, to use the public sector to meet more effectively the demand for mass consumption goods at reasonable prices.

I would like to know from the hon. Minister what we have done in this regard in the last four years. Why we have not done it? What are the reasons behind it? There are so many items of mass consumption. You have to identify them. I do not say you produce all. But on a selective basis you can make a start. You will say, textiles are there. But that has been done not because you wanted it but because they were sick and you have taken them over.

SHRI ASHWANI KUMAR: Will you give some examples of consumer items that you have in mind?

SHRI JAGESH DESAI: Like washing soap. I am giving examples. There are so many items. Match boxes are there.

DR. G. VIJAYA MOHAN REDDY (Andhra Pradesh): You mean anything under the sky.

SHRI JAGESH DESAI: No, not anything under the sky, but on a selective basis, let us start it. If you want to contain inflation, with the private sector this kind of channel should also be there. I know it, I remember, I have seen to what extent they were exploited at the time of shortage. I was a Minister of Civil Supplies in Maharashra. I know to what extent they were exploited. That is why we have committed that in our manifesto. I want you to identify the items. That is why I have suggesed an Experts Committee in my Resolution and I have told you who should be on that Experts Committee. They must be persons committed to public sector and as Panditji and Indiraji have said, even technocrats could be here. Even in the report of some committee appointed by the Government, they have said that as regards nominee directors on the Boards of public sector undertakings, there should also be technocrats. There should also be persons connected with industries, but they must have faith in the public sector. Otherwise it will not produce results. That is why, as I have suggested in my Resolution, as an interim measure a Committee of Experts may be constituted to look into all aspects of the functioning of the public sector and suggest concrete and comprehensive measures and an action programme for strengthening the public sector consistent with the need to give it autonomy in management, bring about optimum efficiency and the pivotal role the public sector has to play in our economy.

That is why my last request to the Government is: you come out with some package deal, with a package

[Dr. G. Vijaya Mohan Reddy]

action plan, to strengthen the public sector and to dispel the doubts which, deliberately or because of misinformation, have been created. I have given the facts and figures, but I want the Government also to come out, very categorically, that this talk of privatization of the public sector and lukewarm attitude of the Government is all false, and the Government is coming out with some additional steps to further strengthen the public sector. If this is done, then I think the purpose for which I have brought this Resolution will be served. With these words, Sir, I thank you very much.

The question was proposed.

SHRI VIRENDRA VERMA (Uttar Pradesh): The Finance Minister also should be here.

SHRI DIPEN GHOSH: Mr. Vice-Chairman, Sir, though I am not in agreement, word for word, with the Resolution moved by my learned colleague, Mr. Jagesh Desai, I am thankful to him for having moved this Resolution and thereby giving us an opportunity to discuss the role of the public sector and the need to take measures for strengthening the role of the public sector in our national economy.

Sir, no time could be more appropriate than today to discuss this issue in the Parliament of India because now the country is observing the Birth Centenary of Pandit Jawaharlal Nehru, the first Prime Minister of Independent India, who had laid the foundation for the public sector in our economy. No time could be more appropriate than today to discuss this issue in the Parliamnet of India when our people in Delhi are greeting Comrade Gorbachev, the great leader of the socialist world, because the country which he represents has proved how the public sector can be far more efficient than the private sector in running the economy of a particular country.

Sir, first of all we must understand why at a particular point of time in our independent country it was decided that the public sector should be given the preserve or prerogative of investing and running certain industries in certain sectors with commanding heights. Otherwise, if we fail to understand the background in which the Industrial policy Resolution was passed in 1956, we will not be in a position to suggest or, even to decide, why the public sector needs to be strengthened today. Sir, when the country won the freedom after 200 years of subjugation by the British, what was the position in our economic and industrial field? The British capital was commanding over the economic field or industrial field of our country in all spheres, in all important spheres, and American capital was penetrating in the late 40s and early 50s. If we were to protect our newly won freedom, then, we wanted to build up such an infrastructure strongly based on public sector of the industry. Otherwise, the foreign capital would have overpowered our country's private capital because Mr. Vice-Chairman, you will agree with me, no private capitalist is inclined to invest crores of rupees on such a project which, after a gestation of ten years or fifteen years only will give him return, which will not give him immediate return, immediate profit, but in which he will have to invest some hundreds of crores of rupees. But without such infrastructure like steel, oil, coal etc. etc., the industry cannot develop, economy cannot develop, and in order to build up, in order to ensure independent economic development of our country, independent of foreign capital, penetration of foreign capital participation of the Government in the industry through investment through public sector was essential.

So, the role of the public sector has to be judged not only in terms

of profitability, not only in terms of profit and loss account, but also in terms of safeguarding the independence of our country and also in terms of promoting independent economic development of our country. Unfortunately, this aspect is lost sight of by very many experts, by very many intellectuals, by very many people whether Members of Parliament or others outside when they pick up the public sector as a whipping boy for all malaise in our economy.

Mr. Vice-Chairman, this assault on the public sector is being made which Mr. Desai has pointed out though within his limitations since he belongs to the ruling party. I appreciate his limitation. The assault is being made systematically on the public sector in and outside Parliament. Mr. Darbara Singh is here. Mr. Kurkarni is here. Mr. Ram Chandra Vikal is here. Senior people are here who fought for the freedom of our country. We are talking of privatisation of the public sector We are inviting NRIs in our areas. We are inviting the multi-nationals in the areas and fields where the public sector was given the prerogative and preserve at a time when the imperialist forces and reactionary forces outside and within the country are trying to destabilise our country, to wreck the freedom of our country from within. In the early 50s, when we decided to go in for public sector to achieve commanding heights, at that time we were to protect our immediately earned freedom, we were to usher in an independent economic development of our country. And now when conspiracy is being hatched to destabilise that independent country, we are inviting NRIs and multi-nationals in very strategically important fields like the Defence Production and *tele-communications* system production for investment. So, while taking part in the discussion on the Resolution, I expect Members of Parliament as representatives of our countrymen, to keep this particular point in view.

Normally when public sector is attacked and private sector is glorified, bouquets for private sector and brickbats for the public sector, then we should really try to assess and examine the comparative performance of the public sector and the private sector. Now, what should be the yardsticks? My friend, Mr. Jagesh Desai, has cited certain yardsticks. Suppose we take the creation of growth rate as a yardstick. I am quoting here the figures from this Parliament document. Public sector's growth in gross output and net value addition between ten years from 1974-75 to 1984-85 has been 21 per cent and 16.6 per cent respectively as *against the corresponding growth in* private sector of 12.8 per cent and 11.1 per cent respectively.

Mr. Desai has quoted the internal resource mobilisation and internal resource generation. In these the public sector outweighs the private sector. Employment generation is the greatest yardstick. I am pointing out this particularly because of the fact that from the last session of the AICC(I), a new slogan has been given 'Bekari Mitao'.

SHRI V. NARAYANASAMY (Pondicherry): You agree with that also.

SHRI DIPEN GHOSH: Obviously. Who wants that the country should be burdened with the problem of unemployment?

SHRI V. NARAYANASAMY: The communists have a different policy.

SHRI DIPEN GHOSH: You just listen. Don't try to interrupt. Obviously economic health has to be gauged to what extent an investment can create or generate employment. Not simply profit of the capitalists or managers or entrepreneurs. So, even from that point of view let us compare the performance between the public sector and the private sector in employment generation. I again quote the ten years' figures. "The public sector has recorded 6 per

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cent growth during the last ten years as against only 1.2 per cent by the private sector." Today, Mr Vengal Rao and Mr Arunachalam are here and they know that as many as 1,60,000 large, medium and small scale industries are closed. But, how many of them belong to the public sector? Mostly private sector units are sick, mostly private industries are closed. So it is not that the public sector units are more sick than the private setoer. That is why I was telling that in the matter of employment generation which is very important today at the present juncture of our economy when unemployment is growing, the more the unemployment will grow the more economy will be derailed and the more the employment generation will be possible the more the economy will be healthier. So naturally from that point of view also, public sector has a better role to play and has been playing a better role than the private sector.

My friend, Mr Jagesh Desai, has quoted the contribution made by the public sector units to the Central exchequer. Last year only the public sector has contributed Rs. 11,000 crores to the Central exchequer in the form of excise duties, income tax and other duties. The private sector evades taxes but not the public sector. That is why I say that even from the yardstick by which comparative health of the public sector and the private sector or comparative performance of the public sector and the private sector has to be judged by these yardsticks it is proved that the public sector is much healthier than the private sector, the public sector is much more contributing to the progress of the national economy than the private sector. For that I don't mean to say that the public sector does not suffer from deficiencies. But we must try to identify why those deficiencies are existing. What are the reasons for the cropping up of such deficiencies? Even if you go by capacity utilisation, yes, a large number of public sector undertakings are functioning now less than 50 per cent of the capacity utilisation. Even if we go by the breakdown figure, we will find that the number of units recording capacity utilisation of more than 75 per cent is 90. The number of units recording capacity utilisation between 50-75 per cent is 56. The number of units recording capacity utilisation less than 50 per cent is only 29. That also, why? Because of bad management, because of non-availability of raw materials at appropriate time, because of non-availability of so many other things which he has mentioned. Even if you go by the productivity of the individual level....

SHRI VITHALBHAI M. PATEL (Gujarat): What is less?

SHRI DIPEN GHOSH: But your Government's report suggests something else. That is the whole irony and paradox of the situation. He was quoting a resolution. In 1979-80, the earnings of the workers were 58 per cent of the per capita value added by manufacture in the public sector. The share of the workers went down to 42 per cent only in that year but the rise or increase in the value added manufacture and share of labour cost in that value added manufacture, if you go by this data, you will find that the share of the labour cost is going down as compared to the value added manufacture because cost of other inputs is increasing. The cost of other inputs is increasing at a very rapid pace compared to the cost of labour. That is, if you compare the productivity ratio, relative productivity, you will find that the public sector is earning more profits per unit cost than the private sector. You will find that. But there are deficiencies. That is why, I was saying that the capacity utilisation, even in that case, certain elements are there which need to be taken up and the most important of them is what Mr. Desai had suggested, that how the Government or for that matter, the controlling Ministries of

the respective PSUs act and what is the approach of the Government towards their problem. Suppose, there is a Committee on Public Undertakings, a very important Committee; Mr. Desai himself had served on that Committee for a very long time. Many of our Members have served on that Committee and are still serving. It is a very important Committee, a very powerful Committee and they are supposed to examine all these things of the public sector undertakings and they, on behalf of Parliamnet recommend something. They make certain observations to the Government. But how does the Government react to such recommendations, how does the Ministry react to such observeations? I am not going to take much of your time. But I will cite certain examples only. The IPCL is a profit making public sector undertaking. Everybody knows this. When the IPCL wanted to expand, the IPCL was asked to expand to produce more DMT, that is an important element for manufacturing polyester fibre. But everybody knows, compared to DMT, PTA is more cost effective and economic, in the world market also.

SHRI JAGESH DESAI: Mr. Kulkarni is expert in it.

SHRI DIPEN GHOSH: He knows better than me. Even the polyester fibre manufacturers, who were utilising DMT, they are switching over to PTA. The IPCL is a public sector undertaking. It is producing DMT. The IPCL wanted to produce PTA but it was not allowed to produce PTA. Instead, the IPCL was asked to produce more DMT and the task of producing PTA was given to a private sector unit. I am not going to name that. (*Interruption*).

SHRI CHATURANAN MISHRA (Bihar): You should not have any heisitation in saying the name of the private sector.

SHRI DIPEN GHOSH: No, everybody knows it. That is why, I am not mentioning. The only reliable and the only Reliance.

SHRI A. G. KULKARNI (Maharashtra): What did Mr. Mishra say?

SHRI CHATURANAN MISHRA: I said, he should not hesitate in taking the name of that private sector unit.

SHRI DIPEN GHOSH: Mr. Jagesh Desai will also agree with me. When COPU, Committee on Public Undertakings, examined these aspects, and having observed these points when it had written to the Government making certain observations what was the reaction of the Government?

SHRI JAGESH DESAI: There was one question like that I talked to him and he has done. . .

SHRI DIPEN GHOSH: I am not talking about any individual Minister I am talking about the Government's total approach. Permission was given to a company in the private sector, not the public sector, and the public sector was asked to remain content with manufacturing outdated elements. The Government's reply was fantastic They quoted a figure in order to prove that still the ratio of manufacture between DMT and PTA is 55:45. But they did not say anything as to why private sector was shown preference to public sector in the matter of manufacture of PTA. Similar is the case of the Indian Drugs and Chemicals. This is about the production of penicillin. You know about the fall out of the new drug policy. These things were produced from the Rishikesh plant. They had been given the reservation for producing penicillin. They submitted an expansion and modernisation proposal. The Government had accepted it. In the meantime, through the drug policy, penicillin was dereserved and the private sector was allowed, any kind of private sector, both international and national.

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): They are not yet allowed.

SHRI DIPEN GHOSH: But the fact is that you have dereserved.

SHRI J. VENGAL RAO: Yes.

SHRI DIPEN GHOSH: That means you have cleared the ground to allow the private sector to produce that. Thank you, Mr. Minister.

SHRI J. VENGAL RAO: We are producing only 30 per cent of the penicillin we require. We are importing the other 70 per cent. So we can permit the private sector also. What is wrong in it?

SHRI DIPEN GHOSH: That is why I was saying what the experience of BHEL is. During the Eighth Five-Year Plan a certain target for power generation has been fixed. For that boilers and turbines are required. BHEL has expanded its capacity. It is one of the best public sector units in our country. It produces good quality boilers and turbines. The Chairman of BHEL has gone on record paying that they have to remain content with the fact that during the Eighth Plan only 18 per cent of their capacity will be utilised. A thing which can be produced here, which is being produced here by BHEL is being imported.

SHRI J. VENGAL RAO: That is wrong information. That has not been finalised. I assure you that BHEL will be using 100 per cent capacity.

SHRI DIPEN GHOSH: I happen to be a Member of the Committee on Public Undertaking. So I am not going to discuss that matter which is not allowed. We are examining; I am not going to quote from that. I can quote figures, the 8th Plan target for power generation, how much BHEL will get out of that and why. I can quote the name of the organisation also. I quote: it is the Electronic Corporation of India, a public sector undertaking, a good public sector undertaking. It was denied Rs. 600 crores worth orders for electronic equipment which they could supply to the Metro Railway. But the Indian Railways have gone in for import from Japan. I can cite many examples how the private sector organisations are being preferred, how multinationals are being preferred. We have seen it in the case of BEL. What happens in BEL? The Taloja unit of BEL was making profit. It was the primary organisation which was producing black and white TV tubes and that also they started at the instance of the Government. After ASIAD was held in India we were switching over to colour TV and they submitted a proposal for expanding their units to produce colour picture tubes in collaboration with one American firm. M/s. Croniny And a Ministry of the Government of India—I do not know which Ministry; may be, Industry; sometimes, may be, Finance; or some other Ministry's bureaucratic handling of the proposal—handled the proposal and for ten years BEL was asked to cool its heels and after ten years only recently—I can quote from Mr. Vengal Rao's statement—BEL has been asked to allow equity participation by one private sector Semtel and US Croniny.

SHRI J VENGAL RAO: BEL is not under my control.

SHRI DIPEN GHOSH: I know; but you made a statement here and I can quote from that. Why? Because the US firm, Croniny, made it a point that they will not collaborate with BEL unless they are allowed to tie up with M|s. Semtel. So Government has approved a new proposal: 40 per cent M|s. Croniny of USA, 40 per cent Semtel and 20 per cent BEL. This is the way public sector is being wrecked from within. And unfortunately those who are responsible for this are aware of the role public sector needs to play and the strength it should have. I say it is a misfortune for all of us that the management which is entrusted with the management of the public sector manages the public sector as if it is managing another private sector. Similarly the workers of the public sector also, when they bargain with the Government for their salaries and perks, bargain as if they are bargaining with the employee or ma-

nagement of the private sector and both of them forget the role of the public sector which is necessary for the economic independence or the independent economic development of our country. That is the misfortune. And I am concluding now. he has asked for an expert committee. Who are the experts? The experts will be decided by the Ministry.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): He said who the experts should be.

SHRI DIPEN BHOSH: I know but he has not spelt it out. Mr. Desai knows that Dr. Arjun Sen Gupta Committee was constituted. And, what was the suggestion of Dr. Arjun Sen Gupta? In fact, today, whatever privatization is taking place, whatever erosion in the public sector is taking place, even if you don't share my word, that is, 'assault', is because of Dr. Arjun Sen Gupta Committee's Report and at whose behest Dr. Arjun Sen Gupta has given that Report, we know, bacause, after all, he has got a berth in that organization, you know, the World Bank or the IMF, and it was done at their dicatates because they are interested, they are interested to wreck from within the public sector. I mean the US, the imperialists. They are intrested to see that India's economy becomes dependent upon the multinationals, upon the private sector, tied up with the multinationals. Wherefrom does the private sector get its money? You praise the Tatas, the TISCO.

SHRI JAGESH DESAI: It is all public money.

SHRI DIPEN GHOSH: How much share they have brought in? Only seven per cent. All the money is of the public sector, that is, the IDBI, LIC, UTI; etc. Therefore, I am telling you that I do not believe in those whom the Government considers to be experts.

SHRI GHULAM RASOOL MATTO: Who is to be the arbiter? What is the alternative?

SHRI DIPEN GHOSH: Alternatively, you say Parliament is supreme and when you consider Parliament to be supreme, you know that Parliament has a Committee. Parliament has a Committee and Parliament consists of the representatives of the people.

SHRI J. VENGAL RAO: Already there is the Committee on Public Undertakings.

SHRI DIPEN GHOSH: Yes, I know that. Therefore, while supporting the cause for which Mr. Desai has moved this Resolution, I would , first of all, demand of the Government that they should see that no privatization is allowed in the areas or fields which were kept reserved for the public sector. Secondly, no public sector undertaking should be asked to allow equity participation by the private sector in their field of activities. Thirdly, no private sector should be shown preference to public sector should in areas where the public sector in areas where the public sector is already functioning. You want to bring in managerial efficiency and to make the units can be done and that is not a very impossible thing. I do not believe cost-effective or cost-efficient. That that these people are different. The workers who are in the Tatas and who are in the Bhilai unit are the same people and they are the people of India, that they are the people from their households and from our households. So the workers are not different. Their productivity also is not different and their efficiency is also not different and their efficiency is also not different. That is why I am telling you that in order to bring in better efficiency, greater productivity, better managerial culture, in the public sector units which are running at a loss or which are not making that much profit which they should make which are not achieving that much of productivity which they can, for that, certain measures, institutional measures, may be taken. But certain important things have to be taken care of and this the Government must accept. It is not simply quoting a resolution, as Mr. Desai has stated. It is not quoting from the resolution itself. But it is a question of implementation of that resolution, depending upon certain people who are devoid of that culture and ideological commitment. That is the irony and that is the weak-

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ness in your organisation. If we go by the book, if we go by the Resolution, it is enough, which Mr. Desai has quoted. But who will implement that Resolution which he has quoted? The people belonging to your party. But mostly they are devoid of that ideological commitment. They give lip service to socialism and they give lip service to public sector and they have all praise for the private sector in their private life. That is the whole weakness in your party. You are observing the Birth Centenary of Pt. Jawaharlal Nehru. But in fact, if you go by the history of developments, you will see that after the passing away of Pt. Jawaharlal Nehru, that vision, that approach which Pt. Jawaharlal Nehru had in allowing the Public sector to grow and declare the public sector as commanding heights of economy, that has started eroding. And today, the new breed which you have are studying in Doon or Cambridge or Harward or Harrow. You are sending your officers, IAS officers, to Harward for training. There is a proposal of sending the PU executives. Mr. Desai knows, abroad for training to Harward. And these public sector unit executives will get training at Harward. What training will they get? They will get training how to wreck the public sector for the interest of the private sector. Therefore, Mr. Vice-Chairman, Sir..

SHRI GHULAM RASOOL MATTO: What about autonomy?

SHRI DIPEN GHOSH: The word 'autonomy' as said in the public sector vocabulary, I do not support that way, because they want independence of the Government. When they talk of autonomy, the memorandum of understanding business, you run the Government, and for that matter you run the public sector undertakings, and as Government you will enter into a kind of memorandum of understanding with the executives, the Chairman or the Board of Directors or managers of the public sector units, because this autonomy conception has come out of Mr Arjun Sen Gupta recommendations. Why do they want autonomy? What autonomy do they want? I do not know whether Mr. Desai had used the word from that point of view. They want autonomy as the private sector enjoys under the Companies Act. They want autonomy from the scrutiny by Parliament. I can show you certain observations made by the Committee on Public Undertakings. Chairman of certain Public Sector Undertakings criticising the committee on Public undertakings. They talk about autonomy only to get freedom from the accountability to Parliament and through Parliament to the people of the country. That I do not want to give them, because the people repose faith, for good, bad or indifferent reasons, in Vengal Rao or Dipen Ghosh or others because...

AN HON. MEMBER: From where did you get this concept of autonomy? They are not asking for autonomy in the sense of non-interference, so that they can produce better.

SHRI DIPEN GHOSH. If you had gone through the recommendations of Shri Arjun Sen Gupta's committee, you could have understood what exactly they meant by using the word 'autonomy'. In fact, there are many Executives and Chief Executives in the public sector undertakins who abhor criticism by Parliament or criticism by the Copuor Public Account Committee. They do not want accountability. I tell you. You may not be aware of it. Take non-interfeerence by the Government. Mr. Desai talked of non-interference by the Government. Non-interference in whose interest? Is it in the interest of the nation, in the interest of the country, in the interest of the people of this country or in the interest of the economy of this country? Or is it non-interference in the interest of certain Managers or Directors? That is why, autonomy has to be explained in proper perspective and in proper context.

Thank you, Mr. Vice-Chairman. While concluding, I would appeal to the Government of India to take note of these points and see that the role of public sector is not allowed to be eroded and the assults which are coming from various quarters are to be repelled jointly by you and by us. Thank you.

श्री राम चन्द्र विकल (उत्तर प्रदेश) : उपसभाध्यक्ष जी, आज माननीय सदस्य श्री अश्विनी कुमार जी का जन्म दिन है । हमें उन्हें उनके जन्म दिन पर बधाई देनी चाहिये ।

उपसभाध्यक्ष (**श्री बी० सत्यनारायण रेड्डी**) : हम चाहते थे कि जब बोलने के लिये उनका नाम पुकारें तो उस वक्त उनको बधाई दे देंगे ।

श्री राम चन्द्र विकल : वे इस वक्त हमारे सामने बैठे हुये है, अभी बधाई दे दें तो अच्छा रहेगा ।

उपसभाध्यक्ष (**श्री बी० सत्यनारायण रेड्डी**) : अश्विनी कुमार जी, आपके जन्म दिन पर हम सब आपको बधाई देते हैं और अपनी शुभकामनायें पहुंचाते है ।

श्री राम चन्द्र विकल : श्रीमन्, श्री अश्विनी कुमार जी दीर्घायु, स्वस्थ और सुखी रहें, ऐसी हम कामना करते है और उन्हें अपनी शुभकामनायें देते हैं और मैं तो उम्र में बड़ा होने के कारण उनको आशीर्वाद भी देता हूं कि वे बहुत दिनों तक राजनीति में रह कर हमारे राष्ट्र की सेवा करते रहें ।

श्री गुलाम रसूल मट्टू : हम सब उनको बधाई देते है ।

उपसभाध्यक्ष (**श्री बी० सत्यनारायण रेड्डी**) : पूरा सदन अश्विनी कुमार जी को उनके जन्म दिन पर बधाई देता है और अपनी शुभकामनायें पहुंचाता है ।

श्री अश्विनी कुमार : मैं सदन का और माननीय सदस्यों का बहुत-बहुत आभारी हूं ।

SHRI RAMESHWAR THAKUR (Bihar): Mr. Vice-Chairman, Sir, I have great pleasure in commending the Resolution placed before us by our learned Member, Mr. Jagesh Desai. In his short but very lucid Resolution, he has stated the core areas of the public sector, its major achievements as well as its weaknesses. He has given suggestions for improving the same. The other Members have also commented on the Resolution.

Let us take a few aspects which have been mentioned by our learned friend, Mr. Jagesh Desai, in connection with the role of the public sector undertakings. I quite agree with him that the role is very important in the interest of the nation. We know that the public sector has a different philosophy, a cherished goal and an important socio-economic role in the development of our nation. The philosophy and the goal were clearly defined by the Founder of the nation, Pandit Jawaharlal Nehru, about 50 years back. During the free-

4.00 P.M. dom struggle, when the All India Congress Committee had appointed a committee, the session was presided over by Netaji Subhash Chandra Bose, a national planning committee under the chairmanship of Pandit Jawaharlal Nehru, and then that committee has defined basically the goals, which are in 18 volumes. The reports are there and they have said that the specific role of the core area of the economy should be in the public sector. This aspect was further strengthened from time to time and, as we know socialism was one of the basic goals which was pointed out in the report and subsequently it is enshrined in our Constitution. That basic goal of the public sector undertakings has been re-emphasised in our successive plans from the First to the Seventh. And, therefore, we have to take the growth and development of public sector undertaking in our country in the proper perspective in which they have developed. But at the same time there is no need of comparing all the time public sector with the private sector. In the Industrial Policy Resolution of 1948 itself, after the Independence, we accepted mixed economy as the basis of our economic development, wherein the role of the public sector and the private sector were clearly defined and in all

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the core sectors of the economy, the basic sectors of the economy the role of the public sector has been clearly laid down, which is to play a dominant role. This has been done, as we are all aware right from the very beginning in 1951. When the first public sector undertakings were started we had only 5 of them with Rs. 29 crores. They have gradually increased and the number has gone up. As you are all aware, in 1987, the number has gone up to 226 with the paid up capital investment of Rs. 61,603 crores. That shows the development that has taken place after our independence and with the start of the planning process in our country. In other areas some figures have already been indicated but I am only giving the growth that has taken place, what importance it has played, what importance the Government has given all through for the growth and development of the public sector. If the sales have gone up from Rs. 19,061 crores in 1978-79 to Rs. 69,016 crores in 1986-87, it has further increased last year and in the current year it is expected to be much higher.

Some Members have just mentioned about the internal generation. It is a fact that internal generation is one of the important factors in order to make the public sector more self-sufficient. In this there has been reasonable growth, but will not say the expected growth. In 1978-79 the internal growth was Rs. 906 crores in 106 units. In 1986-87 the growth has gone to Rs. 6097 crores. But as you are aware, in the Seventh Plan our expectation was much more and this has not been fulfilled. This is very important. We will have to see how this could be done. In the Seventh Plan we have estimated the internal resources with the public sector undertakings would contribute Rs. 50,688 crores. In the first three years, the public sector generated Rs. 23,395 crores. This is about 53 per cent. The remaining 47 per cent, that is, Rs. 22,431 crores is required to be generated in the last two years of the Plan. This seems to be very very difficult. The public sector undertakings have not been able to contribute up to the expectations. Therefore, we find deficit. There was deficit in the last year. There is deficit in the current year. Similarly, there will be dificit in the last year of the Plan. Therefore, this needs to be very carefully seen as to how we can improve our performance which would enable sufficient internal generation of resources to sustain the public sector itself as well as provide funds for expansion, growth and development.

The other aspect, which is equally important, is this. Mr. Jagesh Desai has mentioned about the achivements we have made. What are the areas? As I see here, there are six or seven important areas. These are utmost efficiency, sense of accountability, generation of internal resources—which I have just mentioned—reasonable price to contain inflation, that the public sector should not incur losses, autonomy in management—which has just been debated—action against mismanagement, that there should be no privatisation of the public sector and commitment to the public sector. Now, these are important aspects. But we have to take into consideration the realities of life. What is more important is that having achieved a certain level of growth, the new Government, particularly, the Prime Minister, since 1985, has given a new direction . The public sector undertakings will be judged not only in terms of investment, not only in terms of turnover. The public sector undertakings should not be judged on the basis of these things alone, they must be judged from all angles. The socio-economic angle, particularly, the contribution that the public sector is expected to make, its production, productivity, profit and profitability. These are the major criteria which we have to take into consideration.

The most important and crucial factor which we have to look into and

which I would request hon. Members to examine is the question of capacity utilisation. In 1983-84, the number of public sector units was 172 and this number increased to 189 in 1985-86. Fifty-one per cent of the units had a capacity utilisation of more than 75 per cent in 1983-84 and 1985-86. In 1983-84, twenty per cent of the units had less than 50 per cent capacity utilisation and this percentage increased to 25 in 1985-86. This shows that there has been a decline. The point I want to make here is that in a large number of units the capacity uflisation is much lower. This is one of the most important factors. A lot of investment has been made but the capacity utilisation is low. Unless this is improved to a substantial, reasonable, level as early as possible, we will not be in a position to improve the performance.

The other aspect is productivity. Productivity in the broader sense where we take the efficiency of each unit, its input and output. Unless we look into these aspects more closely in respect of each plant, we will not be able to achieve the results which we desire. Then, effectiveness and efficiency of management. All aspects of inputs, inventory control and other things have to be taken into account. Then there is the human factor. It is necessary to give some training, incentives and better environments to the workers They should have the sense of belonging, they should feel that their working in the public sector means they are working for the nation. Then only we will be able to get the best out of the human factor. We have got 23 lakh employees employed in the public sector in the year 1987. Compared to this the private sector investment in the public sector in the last two years has increased. The employment in public sector in 1976 was Rs. 133 lakhs and it rose to Rs. 173 lakhs in 1985. During the same period the employment in private sector was 68.44 lakhs which increased to 73.22 lakhs in 1985. This means, there has been an increase in the public sector to the extent of 35 per cent whereas the increase in the private sector has been only of the order of 0.78 per cent. Therefore, the employment potential in the public sector is apparently high. Even remuneration-wise the public sector has gradually increased paying. This is a very important factor. It increased from Rs. 8933 in 1976 to Rs. 26069 in the year 1985-86 Therefore, we have to take into consideration the human factor. They are given better remuneration, better facilities, better amenities, better school and health facilities which apparently the private sector is not able to give. So, we have to consider this factor also when we consider about the profitability. Profitability has been modest. Some increase has been there, but it is not satisfactory. We should admit it. In 1978-79 the gross margin was Rs. 1766 crores which rose to Rs. 9894 crores in 1986-87. The gross profit rose from Rs. 1071 crores in 1978-79 to Rs. 6512 crores in 1986-87, pre-tax profit from Rs. 185 crores to Rs. Rs. 3095 crores and post-tax profit from Rs. 40 crores in 1978-79 to Rs. 1769 crores in 1987. But it comes to around 2.9 per cent of the total investment in he public undertakings. If you take a round figure of 3 per cent, is it not a very low return in the case of public sector undertakings? This is very important because if we have to run the public sector, a reasonable return, may not be a return of 2 to 3 per cent but at least 10 to 15 per cent, should be envisaged. Then only we will get sufficient fund for our development, modernisation and growth of the public sector. This is one of the important factors which we have to take into consideration.

In this connection, I would like to mention a little more about profitability which is not good enough. Let us take the important ten industries and see how it could be impoved. The important ten industries contribute about 56 per cent of the total investment. As Mr. Desai says, the Ministries have their own monitoring systems. There are parlia-

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mentary committees, Bureau of Public Enterprises and there are other committees. We have to see how we are going to improve our position in these 10 industries. One of them is the steel area. In the steel industry, as you are aware, the investment is very large. Then there is coal, energy, transport and a few others. If these items are controlled, our position will be better. I would urge upon the hon. Minister to concentrate on these ten areas, improve profitability there. The major areas in which we need improvement, as I said, are ten. For instance, the investment in SAIL is Rs. 6304 crores, in Coal India it is Rs. 5540 crores, ONGC Rs. 2859 crores, Rashtriya Ispat Nigam Rs. 2361 crores, NELCO Rs. 1866 crores, REC Rs. 1830 crores, NTC Rs. 1051 crores, Shipping Corporation of India Rs. 1034 crores, Fertilizer Corporation of India Rs. 987 crores. Now in this if we see the profitability, precisely it has been as Under:

> SAIL, Rs. 159.05 crores, 2.52 per cent; Coal India Rs. 5.82 crores, 0.11 per cent: NTPC Rs. 183.04 crores, 4.05 per cent: ONGC Rs. 1931.47 crores, 67.54 per cent. Here of course, the profitability is high. Rashtriya Ispat Nigam was under construction at that stage. REC Rs. 23.29 crores, 0.10 per cent; NTC minus 119.88 crores, 0.70 per cent; SCI Rs. 6.96 crores, 0.70 per cent and Fertilizer Corporation of India Rs. (—) 129.38 crores.

This means, if we improve the performance of public sector in these ten industries where the investment is 57 per cent, we have done the basic work. The performance of the total public sector undertakings would be much better. Others also need to be improved.

One important aspect in public sector is rationalisation and proper implementation of debt and equity ratio. Many companies suffer. For instance, Electricity Board where the capital is very small, the loss amount is hundreds and hundreds times more. There debt-equity ratio has to be improved and the base of the capital has to be raised. Secondly, inventory control has to be improved. Inventory control requires a lot of work to be done. We find that a lot of investment is bagged down in the various companies. Sometime back the Bureau of Public Enterprises had worked out that in 1985-86, there were huge inventories lying at least for a period of two years in many concerns — engineering 69 crores, fertilizers 75 crores, steel 493 crores, transportation equipment 32 crores, consumer items 5 crores, transport services 25 crores. Now unless we are able to reduce the inventories, the cost of production will always be more. It is not a question of input costs where we are borrowing from the bank and paying interest and keping it for two years. About inventory management, a number of suggestions have come from various committees, including guidelines of the Bureau of Public Enterprises. Many of the corporations and many sectors of the industry are not able to observe them. The position is that we have invested much more money and we are not able to get the desired results.

Another aspect is the delegation of powers within the plant. Mr. Dipen Ghosh has also mentioned this, so has Mr. Desai. There are two kinds of delegation of powers. Delegation of power or independence of the plant does not mean that it is only a question of what are the powers that government has given. Government is having authority, being a Government corporation, the company or the corporation is answerabel to the Government and to Parliament. But it is a question of delegation of powers required in day-to-day work in the plant management itself, from Government to the particular industry, from that industry or department to the particular corporation and from the corporation to the Heads

of the departments. If it is a steel plant, the Steel Authority of India, or Coal India, what powers should be enjoyed by Coal India or the apex company, and that are the powers of the unit. This must be clearly defined and adhered to. Then in the plant, what will be the powers of the CMD, the Managing Director or Chairman, what should be the powers of the functional directors, what should be the powers of the unit managers, what should be the powers of the people below—foremen and so on? Unless there is a proper delegation at all leves, it will not work. Mr. Dipen Ghosh is a very senior Member of the House. I do not think he means that Government control is being diluted. It is not so. But the Government has certain basic goals and, within the framework of those goals and basic policies, the Corporations have to be given sufficient flexibility in their day-to-day operations. This also is one aspect.

Then there is budgetary control. This is very important. In many corporations when we are preparing the budget for the next year, what we take is the first quarter's figures. They start actually having preparation from the month of July. By October they have to give these to the Bureau of Public Enterprises and so on. They hardly get the real figures of 6 months. And on that basis they take the figures for the next year. So the estimates are away from reality. They have the computer system now. They can take 6 months exact figures by December when we prepare the budget which should be given for the next year. It takes a long time to send it from plant to head office, from head office, to Ministry and Government. We take only three months' actual figures. It is a weak base for planning.

Then comes information system and effective monitoring. The information system is very weak. I have experience of one corporation. There were 56 reports going from the plant to the various departments and Ministries. Now at the instance of certain consultants they have reduced these to 14 functional reports—about production, finance, marketing, manpower etc. There should be one kind of report which should be sent to the Ministry or sent to Parliament, wherever required. Functional reporting is very essential. And there should be monitoring at the lowest level, at the unit level, in the plant particularly. At the departmental level, there should be proper monitoring and right upto plant level through monitoring. It should come to Government and the Department should have full monitoring. They should not just pass it by. They get all kinds of reports, but no effective remedial measures are taken in time.

One point is about the sickness of industry, and this is very important. A number of companies, whether they have gone from private sector to public sector or, being in the public sector, have gone sick. It is very essential that there should be a time-bound programme and with seriousness and effectiveness it should be ensured that within a time-frame they are brought back to productivity and profitability. Or, if a unit needs to be discarded, that should also be done: a bold decision should be taken in this regard also.

There are some basic areas which are creating problems in the entire economic development of our country, and there are two public sector undertakings concerned with that. One is the Electricity Boards and the other is the Road Transport Corporations. Most of these, as you know, are running into huge losses. And the costs of electricity and transport are equally high. In the Seventh Plan we estimated a loss of Rs. 11,757 crores. We have been able to reduce, in three years' time, Rs. 7,000 crores out of these Rs. 11,757 crores. Some Rs. 4,385 crores are still to be reduced in two years' time. It sesms to be a very difficult task and we will

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still be running into huge losses in the transport and Electricity Board sectors.

State Transport also faces the same problem. The losses in 1985-86 were Rs. 225 crores. In 1986-87 it was Rs. 178 crores. And accumulated losses are also there. Therefore, there must be a sense of awareness, a sense of accountability and a sense of belonging as also a feeling that each and every worker, each and every manager, including the top man in the organization, is accountable to the public, is accountable to Parliament, and they must ensure that all possible economy is brought about.

The honourable Finance Minister said, we want to bring about five per cent economy in expenditure in the public sector undertakings. Here I would only say, it should not be simply five per cent in all the departments. There may be certain areas where there may be need for increasing the expenditure by more than five per cent. But there are more areas where, possibly, more than five per cent of expenditure could be curbed. So, the minimum of five per cent should be achieved on a very selective basis: a thorough study should be made and that should be achieved in time. It should not be a slogan only; it must be achieved. I am sure managements of the public sector undertakings are aware of this and they would take suitable action so that our deficit in the coming budget is lessened and we are able to give better performance in reducing expenditure.

One point is about privatization. I have said about the basic policy of the Government with regard to private companies. There is no question of the public sector being converted into private sector and *vice versa*. But there are situations in which a number of private sector undertakings have been taken over by the Government in the interest of the industry, in the interest of the workers and in the interest of the country's development. Bold decisions have been taken to take them over. The only thing is, the management; it should be very effective management. The second part is about some unit going from the public sector to the private sector. There may be very rare exceptions where, possibly, it could be done—if it is considered necessary in the interests of the economy or the unit or the local factors. But we should not think that by that we have diluted our basic policy. It is not so. If a particular situation so demands, if it is absolutely necessary by way of exception we can accept it.

Now, there are many good things here also. The private sector undertakings have got, in some areas, a certain efficiency and certain managerial skills and, if they are available, we should take them and there should be no heitation about it. It is something internal and not external and it is not something which we would be taking from some outsider.

In the case of the private sector also a lot of improvement is required to be done. Their profitability also is very low, except a few select industries and units, others are having a very bad time. We must ensure that the economy, as a whole, grows. They are part and parcel of the economy and, therefore, the should not go about exploiting the public sector undertakings in taking certain basic materials from them at lower rates and not giving the finished products to the public at cheaper rates. Therefore, my suggestion in this regard is that on the whole public sector undertakings are doing extremely well. They have a commanding feature. They have a responsibility as given by our founder, the first Prime Minister, Pt. Jawaharlal Nehru. From time to time we have gone to a number of sophisticated areas, and a large nuhmber of other areas we are likely to go. We must

prepare ourselves. Our manpower policy must be very pragmatic. Our people must be trained.

One thing, I would like to say. I am for the people, that is, the workers. But have seen many cases. They say that only by way of a number of years' service they must be promoted. In one corporation the accounts could not been written because a Telex Operator was promoted to the post of Accounts Officer. He was not able to understand the accounts, and the whole corporation's accounts were held up for three months. Some Accounts Officer had to be sent there. There must be basic skills. There should not be a compromise so far as technical performance is concerned where basic skills are required.

Mr. Ghosh knows it well. He has made this point. We know about it in other countries also, even in the socialist countries our greatest friend, the USSR has now re-evaluated the whole situation. In their evaluation it is not the ownership of the state alone which is important, but the performance is very imporant. In his speech early year, comrade. Gorbachev has said that they had large deficits in their export industry and that they must put their best to improve the performance. There are many areas in many other countries where they have deficiency. Our people, our workers, our technicians, our scientists and experts are quite competent. We have now a decisive phase in our economy. In our Eighth Plan I am sure we will be able to achieve much more in the public sector undertakings, and the economy will grow.

With this, I command the Resolution placed by my colleague and friend, Mr. Desai.

DR. YELAMANCHILI SIVAJI (Andhra Pradesh): Sir, the pubilc sector units and the private sector units cannot be equated. There are losing concerns in both the sectors. There are gaining concerns in both the sectors. There is the profit motive behind the private sector. There is the social responsibility and the economic responsibility behind the public sector.

For the last two decades or so, we have spent more than Rs. 2,000 crores on mega irrigation projects, and no government can afford to say that because they are not yielding sufficient results in the form of finance we cannot afford to construct the same. Likewise the State Electricity Boards are losing very huge amounts, and there is the responsibility of the Government to supply power both to the industry and to the agriculture sector at a cheaper rate. They cannot shirk their responsibility.

But the main question now before us is: Can we make these public sector units more viable? Can we make the investment more gainful? Can we make these units more productive and profitable? That is the main question. How long are these units to be subsidised? Is there any alternative to this subsidy? Can we make these units more useful and socially responsible? Our hon. Prime Minister in one of the meetings in Tamil Nadu, in a Congress workers meeting, I suppose, I suppose, said and I quote:

> "The public sector instead of generating wealth is absorbing, robbing and sucking the wealth of the people. No nation can ever prosper which wastes its savings as the Government of India has been doing its capital resources."

These are the words our hon. Prime Minister mentioned. If the profits that the twelve public sector petroleum companies have earned are taken out, the remaining State undertakings numbering 185 during 1984-85 lost an amount of Rs. 208 crore and the next year the total loss was Rs. 373/- crore. So, the main problem is how to avoid these losses? How long the poor taxpayers should subsidise these units?

[Dr. Yelamanchili Sivaji]

Of course, there are some inbuilt drawbacks about the public sector units unlike the private sector units. Sick units are there both in the public sector and in the private sector. The first inbuilt drawback in the public sector units is that their birth is not natural. They have an unnatural birth. In private sector they start with a humble beginning, develop with surpluses and grow with surplus and surplus capital formation. But in the public sector units we are very found of big estates, big industry and everything big. So, we start with huge industries. We start with huge projects. Capital investment is also more and the accruing interest will be mounting. If a child is too big, when the mother cannot deliver safely, doctors attending on undertake caesarian operation. Likewise our hon. Industries Minister acts as a midwife and conducts caesarian operations to produce all these mega projects. So, what I would suggest to the Government is that instead of mega units, why not go in for small units because nowadays small is beautiful.

The second inbuilt drawbaks is the relationship between the Government and the public sector units. There is no standard pattern of relationship between the two units. Generally the Ministeries feel that they are superior and the Government feels they are superior. They feel that they are running the whole show. After all the public sector unit is a myth. For everything the management of the public sector units are going round the Secretariat of the Union Government and the bunglows of the Ministers. So, there should be some gap between the Government and the management of the public sector units.

Several units are helpless because they are being run without the Chairman or the Managing Director. As we are all aware the Boards of Directors are being appointed from amongst the henchmen of the ruling party. I am not blaming them, but you ensure that some reliable people are appointed on the Boards of Directors. Four or five months back from Guntur about six people were about to be appointed on the Board of Directors of a nationalised bank. Later on I learnt that our hon. Minister, Shri Vengal Rao, intervened and got it stalled. Likewise you see that some people with calibre, knowledge and acumen are appointed on the Boards of Directors to run the companies on safe and sound economic lines. Let us not try to run the public sector units from the Secretariat. Let them run the units from their office. The Government feels that by appointing the IAS people as Chairman or as Managing Director ... Is the Minister coming to Hyderabad this evening?

SHRI J. VENGAL RAO: No, I am not.

DR. YELAMANCHILI SIVAJI: If you are coming to Hyderabad, we can talk in the plane itself. I am also going to Hyderabad.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Please continue.

DR. YELAMANCHILI SIVAJI: So, instead of opting for IAS people to run the show, you can as well choose the technocrats. Throughout the world now they are opting for specialists instead of generalists. But the IAS people feel that they can run the hospitals, veterinary hospitals, dairy, buses, railways and what not. So let us also go in for specialists and see some technocrats are kept in charge of the units so that they can be more meaningful.

SHRI J. VENGAL RAO: Mr. Vice-Chairman, Sir, is Dr. Sivaji talking about the public sector undertakings under the Central Government or the State Government?

DR. YELAMANCHILI SIVAJI: There are other people in your State to undertake such confrontations. I do not expect you to enter into such silly confrontations.

There is duplicity in every department. There is duplicity in auditing. In your

CA&AG's Office there are Auditors and even Government control is there. Even in decision-making also there is duplicity. There is Parliament control over the public sector undertakings. Of course, Parliament control should be there. But the units should be more autonomous. Another important drawback among the public sector undertakings is that they are too much prone to blaze of publicity because every Indian, every man and woman of this country feels that they are part and parcel of these public sector units and they are the shareholders of the public sector units. So they will be seeing with million eyes about the functioning—how it is growing—how it is developing—how it is producing. Unlike the private sector units, if some problem is there in the private sector units, as all of us are aware they can divert the funds from one account to some other account and from one ledger to another ledger and they can get away with it. It is not such an easy thing as far as the public sector units are concerned. So these are some inbuilt drawbacks as far as the public sector units are concerned. But, yet, this is time, if not high time to see that they are developed and they give some results; otherwise there is no point and I am very much afraid if this system goes in the existing directions, our Seventh Plan is bound to fail and our Eighth Plan may be grounded because we are writing in our books and in our proposals, that is, 50 per cent of the total capital formation or additional resurces should be mobilised from among their own resources. It may not be possible under these circumstances. So what I would like to advise the Government is that they should reverse the present system because there is too much administration in the public sector and too little management under the present system. There should be too much management and too little administration from the Udyog Bhavan. So finally I would like to advise our hon. Minister and the Government, because our friend and philosopher and guide, Mr. Gorbachev is also in the city today, to take some perestroika from him and take the initiative and see that the public sector functions properly to reach the cherished goals of the nation. Thank you very much.

SHRI J. VENGAL RAO: What is your advice about Allwyn Nissan?

DR. YELAMANCHILI SIVAJI: Allwyn Nissan case was already endorsed by the Union Minister for Industry and they showed us the path on the lines of the Scooters India Ltd., Lucknow.

SHRI SANTOSH KUMAR SAHU (Orissa): Mr. Vice-Chairman, Sir, this is a very thought-provoking Resolution brought forward by my friend, Mr. Jagesh Desai. I think that this Resolution has been misconstrued and misunderstood by some of my friends. Nobody denies that the public sector units must reach the commanding heights. That has been thought of by the modern builder of India, the great and the first Prime Minister, Pandit Jawaharlal Nehru and that that has been ably followed by our Prime Minister, Shri Rajiv Gandhi and he has reiterated his stand. If we analyse the investment from Plan to Plan, it has been increasing very rapidly since 1980 up till now. If we analyse different factors, the investment and production have trebled in the last eight years. Now, the question comes, if I love my child, I have the right to rectify him. The public sector enterprises belong to the nation and the nation has every right to know how it is functioning. The public sector eterprises owe an obligation to the nation to discharge certain duties and services. So, while we discuss this resolution, we feel that the House has a right to discuss, how to increase its efficiency and how to remove its deficiencies which are found in the working of the public sector enterprises. There is no doubt about it. The English phraseology of autonomy may not confuse us. Mr Desai, in his long speech, has pointed out very rightly that everybody in the country is anxious to know about it because we are following a socialistic economy. In a socialistic economy, if we want to build up basic heavy and key industries, then, there is no other alternative except to rely upon the public sector enterprises, because in the private sector, people would like to go in for easy profit and in that event, we would not have been able to develop our basic heavy and key industries. Pandit Jawaharlal Nehru had rightly thought it proper that the in-

[Shri Santosh Kumar Sahu]

dustries which require heavy investment, which have a long gestation period and which are necessary for the development and the progress of the country, the public sector must take their responsibility and the public sector undertakings have done definitely a marvellous job in this regard by establishing the basic heavy and key industries. If we analyse the investment of the public sector undertakings, we find there is more investment in these heavy key industries. There is also a lot of investment in the energy sector like coal and other things which are essential. If we want to survive as a nation, we have to produce energy and then only, we can bring happiness to the people. We may say that there is increase in the productivity to a certain extent. Some of my friends have shown the gross profit but we have to analyse it and come to the truth. The truth is, the profitability which is shown in the different reports comes out of the oil sector industries. I was seeing the 1986-87 report of the Bureau of Public Enterprises wherein it has been stated that the 10 top profit earning public sector enterprises had a gross profit of Rs. 4850 crores and we have 214 public sector enterprises. Now, coming to the other 10 top losing concerns, they have suffered a loss of Rs. 1707 crores and they account for the loss of 55 per cent and they, ten top profit earning public enterprises, stand for the whole profit of nearly 77 per cent. But what about others? We have mentioned only 20 enterprises. But what about the other 200 enterprises? Imagine the situation. So, it is a very timely resolution to improve the working of the public sector units and if there are any wrongs, we have a right to rectify the same. We have high hopes from this sector. Nobody can deny this fact. The Hon. Members have very rightly demanded that these public sector enterprises must achieve the commanding heights. If they do not improve their productivity, the nation is going to suffer. What are the basic things? Let us not go by the English phrase. To my mind, to achieve efficiency, some preconditions are required. Mr. Dipen Ghosh has told that there is an urgent necessity to increase efficiency in certain spheres. How can we increase this efficiency? The first thing is that the management must have flexibility and elasticity like a well managed commercial or business Organisation. Mr. Dipen Ghosh has given certain suggestions. I entirely agree with him on this. In any commercial organisation there should be flexibility and elasticity. In any bureaucratic set-up accountability is merely an eyewash and this demand on more paper work. The person in top management should owe certain responsibility for the success or the failure or the profitability or the productivity of his organisation. When the man in top management comes from some other services, he has no sense of responsibility or involvement. So, the first thing to observe is that the man in charge of management should have a sense of involvement.

The next important point is as follows. As we all know, human beings are not machines. So, there must be some sort of work culture. As we find, what is lacking in many organisations is the proper relationship between the management and workers. Fortunately, the Government of India has introduced the concept of workers' participation in management. Good relationship between the management and the labour will foster the sense of involvement in the industry. That will give them a sense of belonging.

What are the other things which must be considered if the viability and the profitability of public sector units must improve? If these things had been considered some time earlier, the very existence of private sector in this country would have been shaken. Public sector units are expected to generate more profits and resources for the ultimate benefit of the country as a whole. We are not able to achieve what we aim at in this direction because there is a very strong private lobby. It creates horror in the mind of the people who want to work for the welfare of the country.

SHRI DIPEN GHOSH: It is inside the Government.

SHRI SANTOSH KUMAR SAHU: No. All over the world it is at work. And after all, we do not have closed doors. We are an open society. The nation wants

new technology and innovations from the public sector. The country expects more profits and resources from it. That is why the public sector should become more dynamic and efficient. Every public sector enterprise should make efficiency its philosophy.

Another important point which our Dipen Babu has rightly pointed out is autonomy. While I agree that there should be autonomy but I would like to have a clear definition of it. With absolute and complete autonomy there is the risk of accountability being eroded. Sometimes that is more important. Therefore, when there should be autonomy, there should also be accountability. The executive should be answerable for his inefficiency. The management of a public enterprises is liable to be criticised for his wrong decisions and for the inefficient running of the whole of the industry. What happens in a private industry? If the manager is found to be incompetent or is managing its finances badly, if the industry is found making losses under his management, the manager is sacked the very next day. He has no job guarantee. But here in the public sector if the manager has to go, he simply goes back to his parent organisation which may be another public sector organisation. It just does not make any difference to him. There is no fear of sufference in his mind. Why then should he show any merit or efficiency in his performance? These things require probing. So many years have passed since our industrial policy was laid down. We have to take a fresh look at the things. Fragmented thoughts of reports and recommendations do not help us in taking wholesome decisions. There must be a thorough and thought-provoking review and discussion among all, economists, politicians, technocrats, labour, management, everyone connected with industry. There should be a wholehearted effort and support to promote public sector if the public sector is to attain commanding heights. That is the only way for improving the public sector and through it the nation can desire the objectives. These are the vital issues before us, before our country. If you see today even in the capitalist countries for promoting the welfare of the people laws have been laid imposing curbs on monopoly. People are conscious of the national objectives, that our national objectives are supreme, not profits. I entirely agree with my honourable friends that earning profit is not the only criterion. But we must see that optimum produtcion is achieved in each and every public sector organisation. It is true in basic heavy industries there is a long gestation period; it takes a long time to make profits there; they require heavy investment. Profit is not the only criterion. We cannot make profits if there is no proper management. I know many examples where to hide bad management, sometimes they put the blame on energy, sometimes on some other thing. But basically quite often we have found that it is the deficiency in managerial skills, inefficient management, which is responsible for the bad shape of the public sector organisations. If the MD is not capable enough, he simply puts the blame on shortage of energy while, in fact, he himself should take the blame for bad planning. It is the industry which suffers. That is why I stress strongly that there must be more and more of professionalism, professional acumen. The manager of the industry should understand, should grasp, what the basic problems are, what the real difficulties are, and how to overcome them. The management should be professionalised. Who comes and who goes is not so important.

Then, quite often we have also faltered in our technology. We do not have proper technology; our foreign collaborated technology is found to be obsolete in many cases. Obsolete technology is given to us by other countries. I know many cases can be cited. Take fertilizer take lasting Fertilizer Corporation Plant. It is painful to see the state of affairs. Therefore, I say our managerial skills, the kind of technologies we have, all these things should be thoroughly probed. Unfortunately the technologies we have at the time have not proved to our advantage. Moreover, we need not bring management culture from America. This is another wrong thing we are doing. We have to develop indigenous methods and indigencus technologies and that should be given top priority.

Another thing we should do in encouraging our public sector enterprises is this.

[Shri Santosh Kumar Sahu]

We should reward asy worker or professional who shows excellence; his merit and performance, his excellence should be properly recognised and should be suitably rewarded. We should rely on our own science and technology. We cannot for ever go on begging for technology from other countries. We have seen many industries going sick because they have not come to develop and rely on our own scientific and technological innovations. Public sector undertakings which are expected to be ideal employers, ideal organisations, should give proper incentives for technological innovations and innovative methods. All those scientists and technicians might have gained more experience and, therefore, they must be given proper encouragement and incentives.

5.00 P.M.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Mr. Sahu, now it is 5 o'clock. You want to continue?

SHRI SANTOSH KUMAR SAHU: Yes, Sir.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Then you can continue later. Further discussion will continue.

SHRI J. VENGAL RAO: By that time I will place my White Paper, Sir.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Now, the House stands adjourned and will meet on Monday at 11.00 A.M.

The House then adjourned at one minute past five of the clock till eleven of the clock on Monday, the 21st November, 1988.